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C O N F I D E N T I A L BRIDGETOWN 000299

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DEPARTMENT FOR WHA/CAR
CARACAS FOR ANDREW BOWEN
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SUBJECT: AMBASSADOR OURISMAN'S INTRODUCTORY VISIT TO ST.
VINCENT AND THE GRENADINES

REF: A. 06 BRIDGETOWN 1897
[1](#)B. 06 BRIDGETOWN 344

Classified By: Amb. Mary M. Ourisman for reasons 1.4 (b) and (d).

[1](#)1. (C) Summary: On February 25-27, 2007, Ambassador Ourisman visited St. Vincent and the Grenadines to present her credentials. Meetings with the Prime Minister, Foreign Minister, and Opposition Leader focused on Venezuelan assistance, Article 98, narcotics trafficking and Cricket World Cup. The Ambassador's visit to St. Vincent provided a good overview of the country's current international and domestic political landscape and shed some light on the perceived character of the relationship between the Governments of St. Vincent and the Grenadines (GOSVG) and the United States. In addition, both the Prime Minister and Deputy Prime Minister/Foreign Minister confirmed their participation in the CARICOM conference in June, which would provide an opportunity for the Department to address our concerns with the Gonsalves administration's increased dependency on Venezuela. End Summary.

VENEZUELAN ASSISTANCE: PETROCARIBE, ALBA AND A NEW AIRPORT

[1](#)2. (C) A week before Ambassador Ourisman's visit, Hugo Chavez visited St. Vincent and the Grenadines where he was met with significant fanfare. Both Prime Minister Ralph Gonsalves and Deputy Prime Minister and Foreign Minister, Louis Straker, told Ambassador Ourisman that St. Vincent's relationship with Venezuela is guided by pragmatism rather than any ideological affinity. Venezuela has been providing assistance to Vincentians, including cheap fuel, fuel storage, and funding for a new airport. Straker conveyed his government's desire to maintain good relations with the United States, but stated firmly that his country will conduct its foreign policy according to its own best interests.

PETROCARIBE

[1](#)3. (C) Gonsalves estimated future savings of USD 8 million per year from Petrocaribe, half of which, he informed the Ambassador, would be put into an income-generating fund for small business lending. The other half would be allocated for social development projects, which Gonsalves did not specify. Gonsalves addressed some of the criticism of Petrocaribe, telling the Ambassador that "the indebtedness

argument is crap" and that countries that did not support Petrocaribe, referring to Barbados, "did not have the creative intelligence to analyze the deal." Gonsalves admitted to the tension between him and Texaco due to past disagreements on prices, (ref B), but told the Ambassador that Texaco will still be allowed to operate its service stations on the island. However, Gonsalves firmly clarified that the GOSVG will be responsible for supplying the country with all of its fuel, (i.e., via the Petrocaribe program).

ALBA

¶4. (C) Both Gonsalves and Straker also described St. Vincent's inclusion in the Bolivarian Alternative for the Americas (ALBA) as a pragmatic decision that will bring tangible benefits to Vincentians. In separate meetings with the Ambassador, Gonsalves and Straker clarified that ALBA is a "non-trade" agreement that focuses on social development projects such as scholarships, medical exchanges, and housing for the poor. Therefore, in their opinions, ALBA should not be viewed as being in conflict with potential free trade agreements with the United States. In an attempt to demonstrate his "non-ideological" view of ALBA, Gonsalves told the Ambassador that he "firmly made it clear to Chavez that ALBA cannot undermine CARICOM trade agreements or progress toward the Caribbean Single Market Economy." (Note: Embassy Bridgetown has not seen the ALBA memorandum of understanding, which was signed on February 17 by the governments of St. Vincent and the Grenadines, Antigua and Barbuda, and Dominica during Chavez's visit to the region. It is unclear whether the agreement signed by Gonsalves and the others is simply a proposal for cooperation on social development related projects or represents a bonafide multilateral trade agreement. End note.)

NEW AIRPORT

¶5. (C) According to post's sources, Chavez's support for St. Vincent's new airport in Argyle is recognized as Venezuela's most important contribution. In 2006 Straker made clear to then Ambassador Kramer the significance of funding for the new airport when he promised his country's United Nations votes in exchange for U.S. financial support for the new airport (ref A). In his meeting with Ambassador Ourisman, Straker again emphasized the importance of Venezuela's assistance, as well as that of St. Vincent's other donor governments: Taiwan, Cuba, Trinidad and Tobago, and Mexico. (Note: The latest estimated cost of airport construction is USD 200 million. Venezuela has committed to move over 3 million cubic meters of earth, and along with Cuba, will provide labor for the project. Trinidad and Mexico's contributions will focus on the new airport's runway, while Taiwan will construct the terminal building. Exact dollar amounts from each country are unavailable. End note.)

ARTICLE 98 AND IMET

¶6. (C) As one of his prime examples of overcoming differences with the United States, Gonsalves claimed that the Article 98 issue has been resolved, evidenced by the restoration of International Military Education Training (IMET) funding for the GOSVG. Ambassador Ourisman explained that the issue is not yet resolved and that continued IMET funding is not guaranteed for those countries that have not yet signed on to Article 98. Gonsalves responded that at least symbolically, the United States is no longer perceived as "taking a defensive position" in the region. Both Gonsalves and Straker expressed the GOSVG's unwillingness to support Article 98 because "no convincing argument has been made for two levels of jurisprudence." (Note: The IMET waiver has been claimed as a major political victory by Gonsalves' Unity Labour Party. End note.)

NARCOTICS AND MONEY LAUNDERING

¶7. (C) In his meeting with Ambassador Ourisman, Gonsalves also addressed one of his current political battles concerning a pardon of a convicted drug dealer. Gonsalves told the Ambassador that contrary to Opposition Leader Arnhim Eustace's accusations, his decision will not have any impact on the GOSVG's fight against drug trafficking or money laundering. Gonsalves boasted to the Ambassador about his aggressive campaign to pursue drug traffickers by "targeting their pockets." He also bragged about the GOSVG Financial Intelligence Unit's recent invitation to become a member of the Egmont Group, in recognition of its progress in fighting money laundering. Gonsalves did credit U.S. and UK assistance as having a significant impact in the fight against money laundering and drug trafficking.

CRICKET WORLD CUP

¶8. (C) Gonsalves declared St. Vincent and the Grenadines as Cricket World Cup (CWC)-ready. This achievement, he claimed, was due to his fervent resistance to the International Cricket Council's (ICC) request that the GOSVG spend no less than USD 60 million for CWC preparations. Gonsalves told the Ambassador that he gave the ICC an ultimatum: either reduce your funding expectations or St. Vincent and the Grenadines will not host any CWC event. According to Gonsalves, the ICC caved in and met Gonsalves' counter-offer to spend only USD 14 million for CWC preparations.

¶9. (C) Gonsalves criticized the other Eastern Caribbean countries hosting CWC matches for "competing with each other to have the best event," and predicted that those spending the most will "wake up with a huge hangover" after CWC. Gonsalves did not predict any negative consequences for his country due to his realistic expectations that no more than 10,000 people will attend CWC matches. Gonsalves also characterized the CARICOM visa requirement as "stupid", but observed that most of the complaints are coming from "white" countries that "may feel a sense of entitlement."

¶10. (C) Venezuelan Ambassador to St. Vincent and Dean of the Diplomatic Corps, Tibisay Urdaneta, complained to the Ambassador that Venezuelans are being required to apply for visas during CWC, and that already 120 Venezuelans were denied visas. (Note: CWC was the only substantive topic discussed between Ambassadors Ourisman and Urdaneta. The rest of the meeting was a simple exchange of pleasantries.)

OPPOSITION PARTY

¶11. (C) The National Democratic Party Opposition Leader, Arnhim Eustace, described St. Vincent as being in crisis under Gonsalves' leadership. Eustace reminded the Ambassador of Gonsalves' previous profession as a defense attorney for major drug traffickers, which he believes casts serious doubt on the genuineness of Gonsalves' anti-narcotic efforts. Eustace told the Ambassador that Gonsalves' recent pardon of a convicted drug trafficker is evidence of his remaining ties to drug trafficking elements and their influence over the GOSVG. Other criticisms by Eustace included Gonsalves' tacit approval of Hugo Chavez's anti-U.S. rhetoric during his visit to St. Vincent, which is perceived by many as threatening good relations with the United States.

¶12. (C) Eustace offered the Ambassador his observations on the lack of credit given to the USG for its assistance to the region. Eustace explained the reason may be that USG funding is often regional in scope, and therefore not captured in St. Vincent's national budget. According to Eustace, Gonsalves has used the perceived lack of U.S. assistance to justify his relationship with Cuba and Venezuela.

COMMENT

¶13. (C) In private meetings with the Ambassador, both the Prime Minister and Deputy Prime Minister made a conscious effort to emphasize the pragmatic nature of their foreign policy while lauding their close friendship with the United States. Publicly, however, the GOSVG continues its quasi-socialist rhetoric in order to reap the most tangible political and economic rewards possible from its most generous benefactor, Venezuela.

¶14. (C) Prime Minister Gonsalves confirmed his participation at the CARICOM Conference this June in Washington. The Department should use this opportunity to emphasize the strong historical, economic and cultural ties with St. Vincent and press Prime Minister Gonsalves to modify his rhetoric to reflect this reality. It would also be an opportunity to stress the full economic impact of his foreign policy decisions. Gonsalves should be warned of the long-term economic consequences of decisions made in haste or for popularity's sake. Many members of the private sector have already expressed their anxiety over Gonsalves' close embrace of Chavez, who is nationalizing the private sector in his own country, and cannot afford investment flight. The Department may want to provide Gonsalves with concrete examples of Chavez's failed economic policies in his own country, demonstrating that he cannot be trusted to provide counsel on other countries' economic development. This is particularly true with regard to Petrocaribe. The Department should remind Gonsalves that Chavez is an OPEC member and just last year expressed his desire for production cutbacks. The complete dependence on Venezuela for its energy would make such a decision catastrophic. In short, Gonsalves should be reminded that there is no free lunch and that his decisions ought to be better weighed.

OURISMAN